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CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
15 January 1963

CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: Insurgency Threat in Peru

1. Nature of the Threat: Communist Party membership in Peru is comparatively small--not much more than 5,000 in a total population of almost 12,000,000. Communism's strength lies in its exploitation of the inequitable distribution of income, in the appeal of Marxist philosophy to intellectuals who have found no opportunities in the Peruvian capitalist system, and in the ambitions of those who discern no other pathway to prestige and prominence in the present social structure.

Communists dominate some of the key trade unions, including the bank workers, the transport workers, and the miners. Communist agitators have been active among the Indian population, normally docile, inciting them to invade private lands in the highlands, terrorizing and sometimes killing the legitimate occupants. Only a few Communist intellectuals have infiltrated the universities, but they have a disproportionately great influence among the students.

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Although the Communist Party is illegal, the number of sympathizers, active and inactive, probably exceeds 50,000. Under certain conditions, the number of people who could be led into unwitting support of a Communist cause may approach 100,000. In spite of Cuban training and financing, the total number of guerrillas, saboteurs, agitators, and rabble rousers that could be put in the field is probably less than a thousand.

2. Strength of the Government: The military junta that took over the government of Peru in July 1962 has proclaimed from its first days in power that it is only a caretaker government to rule the country until a civilian government is installed in July 1963. There is as yet no evidence that it will seek to retain power after that time, although there are some grounds for doubt that it can organize a free election and an orderly transfer of power in such a short time. There is no group in the country capable of deposing the junta.

The junta is basically but reservedly pro-US. Its reserve stems from the rupture in relations that followed the coup, as well as from its conviction that US interference in the 1962 election produced the political impasse that brought on the military coup. The junta is anti-Communist, but it showed a disturbing willingness to

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use Communist labor leaders in an effort to weaken APRA. The Communists' abuse of the junta's tolerance resulted in the arrest of most of the leftist leaders on 5 January, however, and the limits of Communist "freedom" are now clearly drawn.

The junta has promulgated several decrees aimed at instituting agrarian reform and social reform programs. The junta believes that much of the basic unrest in the highlands will end when a suitable reform program is put into operation. Unfortunately for the program, however, the junta is reluctant to begin sweeping reforms through decree laws and prefers to restrict itself to organizing a series of projects to be presented to Congress when it convenes in July. The junta's programs are more liberal than any yet seriously considered in Peru and may encounter serious opposition in Congress. Furthermore, the problem of adequate financing may force the adoption of less ambitious schemes.

There is no question of the junta's ability to counter insurgency. As long as Peru is not engaged in a war with one of its neighbors, the full strength of the armed forces could be used--and probably would be used--to stamp out insurrection. There is no reason to suspect that the military rank and file would have any

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compunction against using force against their fellow countrymen if ordered to do so.

Protection of Peru from insurgent elements is in the US national interest for two basic reasons. Beyond the obvious disadvantages of having a Communist or Castro-type government take over any country in the western hemisphere, Peru specifically has a history of friendship and cooperation with the US. Peru was the first Latin American country to break relations with the Castro regime in Cuba, has consistently supported US proposals in the OAS and other hemispheric and regional entities, and in general terms has the reputation of being the showplace of the results of US Latin American aid programs since 1948.

The second basic reason that Peru has a claim on US protection is the presence in Peru of extensive US business interests. US investment in Peru amounts to at least \$850 million. Peruvian exports to the US in 1961 exceeded \$175 million, and imports from the US in the same year topped \$200 million.

3. Assessment: The junta's arrest of more than 400 Communists and other leftists on 5 January effectively removed the threat of immediate active insurgency. Even

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if released now, the leftists could not reorganize their striking force in less than three months. If the junta follows up its original action with continued repression of Communists, which it seemingly intends to do, it should be able to prevent any effective outbreak of insurgency for an indefinite period.

Disruptive influences on a lesser scale are harder to control. Sporadic acts of sabotage and terrorism can be expected, if the leftists are so inclined. The Peruvian security forces can prevent such occurrences from spreading, however, and local disturbances will be suppressed quickly.

The long-range outlook is less certain but still optimistic. The return of a civilian government might reduce the security forces' ability to react swiftly to leftist disturbances. The fear of military repression of non-Communist groups would be lessened, however. Political bickering in a civilian Congress could cause delays in the institution of reform programs, but, once the programs were underway and began to excite hope for relief, public unrest would be reduced. This would help reduce the opportunities for Communist exploitation.

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